

THE ARTS UNIVERSITY COLLEGE AT BOURNEMOUTH

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2010

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GOVERNORS who served on the BOARD in 2009-10 for the whole of the year unless otherwise stated

Name	Area of Principal Expertise	Committee Membership
Nicholas Durbridge – Chairman	Legal and Business	Finance & Resources: Estates: Strategic Development: Remuneration: Search
Paul Sheppard – Vice Chairman	Accountancy	Finance & Resources: Estates Remuneration: Search
Harry Atkinson (appointed 31 July 2010)	AUCBSU Student Governor	Human Resources & Student Affairs: Estates
Professor Stuart Bartholomew	Principal and Chief Executive	Finance & Resources: Human Resources & Student Affairs: Remuneration: Search: Strategic Development: Estates
Nick Byrne (appointed 30 September 2010)	Higher Education	Strategic Development
Richard Dimbleby	Further & Higher Education	Human Resources & Student Affairs: Audit
Simon Gorham	Finance	Audit
Virginia Harvey	Human Resources	Human Resources & Student Affairs
Kay Homer	Business	Strategic Development: Audit
Carolyn Jennings	Legal	Human Resources & Student Affairs: Audit: Remuneration: Search
Roger Laughton CBE	Media & Higher Education	Strategic Development
Professor Paul Light (resigned 8 July 2010)	Higher Education	Strategic Development
Krishna Malla (resigned 31 July 2010)	AUCBSU Student Governor	Human Resources & Student Affairs: Estates
Ellie Nixon	AUCB Staff Governor	Strategic Development
Terence O'Rourke	Architecture & Planning	Finance & Resources: Estates
Julia Waite	AUCB Staff Governor	Finance & Resources: Estates
David Watts (appointed 27 November 2009)	Business	Human Resources & Student Affairs
Professor Roger Wilson (resigned 22 April 2010)	Higher Education	Strategic Development: Estates

UNIVERSITY COLLEGE SECRETARY

Dr Bethan O'Neil

AUDITORS AND PROFESSIONAL ADVISERS

EXTERNAL AUDITORS

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INVESTMENT MANAGERS

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REPORT OF THE MEMBERS OF THE BOARD

Mission Statement

'The Mission of the Arts University College at Bournemouth is to provide a high quality professional environment for its staff and students, to allow them to study, research and practise arts, design, media and performance to the highest standards, so that they can contribute to the cultural and economic development of society.'

Charitable Status & Public Benefit

The Arts University College at Bournemouth is an exempt charity within the meaning of the Charities Act 1993 and as such is required to demonstrate how its work is of 'public benefit'. The Board is aware of its responsibilities with regard to public benefit and is conversant with the Charity Commission's guidance in this area.

In terms of specific activities of benefit to the public, the University College provides programmes of higher and further education which enable individual development but which also enrich the wider society by providing potential employees and entrepreneurs for the creative industries that enrich the design talent pool and the cultural activities of the country. Within the limits of its funding, the University College aims to admit those students of all backgrounds who are able to benefit from the educational experience that is offered.

In order to raise the aspirations of young people from families with limited or no experience of Higher Education, we work with local schools through a number of widening participation and access initiatives. These include creative projects undertaken within the schools which involve our student undergraduates. School students are regularly brought to the campus for 'taster sessions' and we organise summer schools some of which are residential.

The University College enhances the cultural and artistic endeavours of the region by its support of the Museum of Design in Plastics and The Gallery. Both facilities have regular displays and programmed activity which are free to the general public. In recent years the University College has collaborated with the Bournemouth Symphony Orchestra to stage contemporary music recitals. The end of year Student Exhibitions and Shows, which are open to the public, provide an engagement with contemporary art work in all forms.

In order to retain creative talent within the sub-region and ensure that there is an active enterprise culture which creates jobs, the University College operates an incubation facility for entrepreneurs in the creative industries. Start-up businesses are provided with subsidised serviced accommodation in the Enterprise Pavilion, are mentored in support of their business plans and can engage with university college staff and students on knowledge transfer projects

Business review of the Year

On 2nd July 2010 the first cohort of students graduated at Wimborne Minster with The Arts University College at Bournemouth degrees. This was the first full year of operation using the University College title and minor concerns that the name change might have an impact on recruitment did not materialise as a record number of applications were received.

In accordance with the estate masterplan work continued on a £3 million extension to the North Building in response to the demand for the University College's largest course, BA (Hons) Film, the doubling in size of the Gallery and the provision of cafeteria facilities for students and staff. Furthermore the final stage of the enlargement of the Refectory at a cost of £1 million commenced in April with an expected completion date of November 2010. As the masterplan nears completion work on access, wayfinding, external public spaces and landscaping has commenced with the aim of unifying all areas of the campus and providing a pleasant environment in which to work and study.

Defects in the construction of the Enterprise Pavilion, which accommodates the University College's incubation facilities, have been apparent since it opened in November 2004. The cost in rectifying these defects is in the region of £1 million. The University College has sought legal advice and is taking action to mitigate these costs.

REPORT OF THE MEMBERS OF THE BOARD (CONTINUED)**Business review of the Year (continued)**

The University College enrolled 2,182 full-time equivalent Home/EU students in 2009/10, which was an increase from 1,975 in the previous year. This was an important increase as it continued the planned rise in student numbers which was required following the removal of the 10% premium for specialist institutions. This rise furthered the migration towards the centre of the tolerance band, in line with the University College's existing contract with HEFCE.

In respect of our further education provision, 470 full time Home/EU students were recruited, alongside 75 full-time equivalent part-time students which equates to approximately 500 enrolments. This was in line with our agreed contractual position.

In addition, 175 overseas students were enrolled across all courses, which was a small rise against 2008/09. There were a further ten overseas students who attended on a "Study Abroad" basis, undertaking units at the University College to further their own educational, professional or personal development.

The Enterprise Unit has assisted the University College in achieving significant additional funding through collaborative bids to the Economic Challenge Investment Fund which supports higher education interaction with business and provides a springboard for knowledge transfer partnership activity. This in turn has resulted in more academic staff engaged in research with the emphasis of applying it to industry. Another strand to this funding was the placement of 100 recent graduates in employment.

Finances

The group generated an operating surplus before taxation of £1,487,000 (2008/09: £1,616,000), an operating surplus after taxation of £1,466,000 (2008/09: £1,622,000) and a historical cost surplus of £1,559,000 (2008/09: £1,716,000). The operating surplus is stated after charges relating to defined benefit pension schemes totalling £1,537,000 (2008/09 - £1,346,000).

In arriving at this operating surplus the Board considered guidance in respect of the accounting treatment of the gain arising on the valuation of pension scheme liabilities under FRS 17 as a result of the change in basis that future pension increases will be computed on CPI rather than RPI. For the purposes of these accounts the gain of £533,000 has been accounted for through the statement of recognised gains and losses.

The group has accumulated income & expenditure reserves excluding the pension reserve of £10,150,000 (2008/09: £8,201,000) and cash balances, including endowment assets, of £2,680,000 (2008/09: £3,253,000). Cash balances decreased by £616,000 in the year (2008/09: £2,169,000). The cash inflow from operating activities was £3,843,000 (2008/09: £4,236,000).

Fixed asset additions for the year totalled £3,691,000 (2008/09: £1,748,000) with the largest proportion of this spent on the North Building extension. The balance of capital expenditure relates to the reconfiguring of space to accommodate additional students and continued investment in IT infrastructure and equipment in accordance with the University College's strategic plan.

The University College has two wholly owned subsidiary companies, the details of which are as follows:

AUCB Services Ltd – was originally established in March 1997 to provide library and computer services to the University College and its users but during 2009 all library activities were transferred to the parent institution. The company continues to manage the Refectory and is a facility by which services to third parties can be delivered when required.

Any profits that arise are gift aided to The Arts University College at Bournemouth. In 2009/10 AUCB Services Ltd generated a loss of £180,000 after gift aid of £NIL (2008/09: £1,000 after gift aid of £235,000). The loss has arisen as a result of major reconstruction work on the Refectory building with many of the costs being expensed. In addition the depreciation charge is aggressive and this is an area that will be reviewed in the forthcoming financial year. The company's accumulated deficit is £181,000 (2008/09: £1,000).

REPORT OF THE MEMBERS OF THE BOARD (CONTINUED)**Finances (continued)**

AUCB Enterprises Ltd – this company was established in July 2003 to develop a building funded by the South West Regional Development Agency and to provide business incubation services to recent graduates to encourage them to stay in the local area. AUCB Enterprises Ltd has made an operating loss before taxation of £8,000 (2008/09: loss of £9,000) and the accumulated deficit of the company is £213,000.

Also consolidated within these accounts is **The Arts University College at Bournemouth Charitable Foundation** due to The Arts University College at Bournemouth being the ultimate controlling party by virtue of its dominant influence over its operating and financial policies. It had a surplus for the year of £39,000.

Finance Strategy

The financial strategy is one of the supporting strategies to the University College's Strategic Plan. It has an enabling role to ensure that the appropriate resources are provided to support the University College's strategic objectives and academic development.

The main features of the University College's financial strategy are:

- operating surpluses in all years sufficient to meet loan capital repayments;
- continued efficient delivery in schools, support and overhead areas;
- investment of cash reserves accumulated over previous years, with cash balances being maintained at a comfortable level but not by means of borrowing additional funds;
- use of loan funding for major estates developments;
- maintaining investment in infrastructure and resources, including the estate to ensure efficient utilisation and fitness for purpose in all areas; and
- development of commercial income streams in terms of fully funded courses such as study abroad and bespoke courses.

A set of key performance indicators has been developed in support of the finance strategy.

Key Performance Indicators

In the past year the Arts University College at Bournemouth has developed Key Performance Indicators (KPIs) to facilitate the oversight of all its business affairs at a strategic level by the Board of Governors. The critical financial KPIs that have been adopted are:

KPI	Description	Target/ Benchmark	Actual
Profitability	Historic cost surplus as %age of total income	4% min	6.4%
Staff Costs	Staff costs as a %age of income	50% max	49.7%
Liquidity	Liquid assets as days of total expenditure	30 days min	40.2 days
Borrowings	Borrowings as a %age of income	40% max	24.8%
Annual Service Cost	Annual debt servicing cost as %age of total prior year income	4% max	2.5%

The liquidity ratio has decreased from 50.9 to 40.2 due to the extensive capital programme which has been funded by operating cashflows rather than bank borrowing. New bank borrowings have been arranged and the overdraft facility has been confirmed with the institution's bankers.

Financial KPIs, although important, represent only one aspect of the University College's business. Another measure of the University College's health is the number of applications per place which is currently in excess of 7 and compares favourably to competitor institutions. Student satisfaction, as measured by the National Student Survey, is near the top quartile thereby demonstrating that the large investment in resources is producing the right results. Following recent feedback, increased emphasis will be placed on the effective management and organisation of courses.

REPORT OF THE MEMBERS OF THE BOARD (CONTINUED)

Treasury Management

Treasury management encompasses the management of the University College's cashflows, banking, money and capital market transactions and the effective control of the risks associated with those activities. The policy of the University College is to safeguard its assets whilst at the same time aiming to achieve the best possible return on its investments. The overriding principle however must be to minimise risk rather than maximise returns.

The University College's financial strategy sets out the minimum liquidity levels needed to ensure that financial and operational control is maintained. A rolling five year forecast is prepared each year, which incorporates a review of capital expenditure, cash generation and any future borrowings that may be required.

Long term Borrowing Facility

All of the University College's borrowings are with its main banker Lloyds TSB Bank plc and are a mix of variable and fixed interest term repayment loans. No security other than a negative pledge has been given in respect of these loans. The loan of £1.3 million in respect of the library building which is fixed at 5.515% will be repayable on 31 July 2012 and a further loan of £1.27 million fixed at 5.36% will be repayable in October 2021. The remaining loans are at a variable rate of Bank Base Rate plus a margin of 0.28% and are repayable over 25 years. A further loan of £1 million has been negotiated at a rate of 3-month LIBOR plus a margin of 1.5% and is repayable over 5 years to be drawn down by November 2010.

Outlook

Government policy is now being developed to address the core teaching funding of Higher Education at a national level. In the immediate future reductions are anticipated in the level of funding for both higher and further education and the University College is responding by reviewing structures and reducing expenditure in a controlled manner. These actions will continue as the new student funding regime, which is anticipated to be introduced in the academic year 2012/13, may depending on the level of fees charged and the numbers enrolling, result in a significant reduction in teaching funding for the subjects that the University College offers. It is expected that the resultant changes will result in a more competitive market for students.

As part of its regular cycle of reviews, the Quality Assurance Agency will be conducting a review of the University College's academic standards in May 2011. This is a welcome opportunity to demonstrate the quality of provision and the examples of good practice evident throughout courses.

The University College believes that it is well placed to meet the challenges ahead as it operates in a niche area of provision with a large demand for the courses that it offers. A new strategic plan is being developed for the period 2011 -16 and the institution is financially strong. The estate masterplan is almost complete resulting in an efficient and aesthetically pleasing campus and there is a clear marketing strategy to attract students.

The University College is actively seeking to secure further student accommodation off campus and has placed an OJEU announcement to achieve this end. Current available accommodation is massively over-subscribed and increasingly international students seek this type of accommodation. Discussions continue with the Talbot Village Trust to develop adjacent land to the Wallisdown campus for this purpose. However planning restrictions have inhibited progress in this regard to date.

Risks and Uncertainties

The key risks facing the Arts University College are:

- Uncertainty of funding:- the bases of funding higher education are radically changing and there will be a large reduction in direct government funding. This will be replaced by increased student fees which may have an impact on the number of students attending Higher Education Institutions. The market for students will become more competitive. Funding for further education is also anticipated to reduce.
- International students:- the volatility in the financial and stock markets has led to an uncertain environment which has an impact on the recruitment of international students. This may be offset to an extent by the weakening of sterling. Additionally recent government visa restrictions adversely inhibit student recruitment from outside the EU;

REPORT OF THE MEMBERS OF THE BOARD (CONTINUED)

Risks and Uncertainties (continued)

- Pension deficit:- the quantified deficit on the Local Government Pension Scheme, in which 50% of the employees participate, continues to increase which may give rise to a significant increase in employer contributions at the next actuarial valuation in 2010. The University College already pays more than the recommended contribution;
- Interest rates:- the University College has had an ambitious capital programme which has been funded to a large extent by borrowings thus exposing the University College to fluctuations in interest rates. This risk has been managed by arranging a mix of variable and fixed rate loans.
- Capital projects:- the management of large capital projects pose a risk to the University College in terms of cost overruns and delays in completion. This area is carefully managed but will always pose a risk.

Student achievements

HE student achievement continues to be strong, with 96% of final year Honours students successfully completing their award. A total of 55.3% of graduates secured a first or upper second class degree, which demonstrates both strong student outcomes, and the rigorous quality assurance process which confirms that standards are nationally comparable. Data on sector-wide performance are published with a one-year delay, and the University College continues to monitor its student achievement against sector and subject norms, and to identify and address any concerns in a timely fashion. Retention rates of 96% are the strongest for five years, and this is an excellent outcome given the increasing numbers of students who wish to take time out from their studies for financial or personal reasons. Sector norms for retention remain at around 90%.

Over 99% of completing full-time FE students achieved their qualification aim on their main programme of study, and this continues the impressive record of previous years.

Performance indicators relating to key areas of activity are monitored internally within the University College and are also made available from time to time within sector publications.

The University College's students participate regularly in national and international competitions as well as local exhibitions and festivals. Their success in these continues to show the high quality of the student work.

The most recently published HEFCE indicators of student employability show that around 94% of the University College's graduates are in employment six months after graduation, which is well above sector benchmarks, and marks the Arts University College as having one of the most successful employability rates amongst specialist institutions.

Curriculum development and quality assurance

The University College continues to develop its higher education portfolio, and to enhance delivery and the overall student experience for all students in support of the Strategic Plan. Achievements include:

- The first complete year of operation with taught degree awarding powers, such that students on all years of higher education courses were studying on an award of the University College. This is of particular importance given a scheduled Institutional Audit in summer 2011.
- The first graduating cohort for BA (Hons) Architecture, which means that the course is now eligible for accreditation by the Architects Registration Board (ARB) and the Royal Institute of British Architects (RIBA).
- The periodic review of four undergraduate courses, and the introduction of two Honours years, dedicated to the foundation degree graduates in Fashion Design and Technology, and Visual Communication; and the approval of two further MA pathways, in Illustration, and Contemporary Performance.

The University College again performed well in the National Student Survey (NSS), conducted externally on behalf of the funding councils by Ipsos-MORI UK. 83% of students indicated that they were satisfied with the quality of the course, and the University College featured in the upper quartile on five of the seven scales, or themes. This was particularly pleasing given a response rate of 81% (one of the very highest in the sector).

Part-time HE forms a minority of the University College's provision. Recruitment to this mode of study has proved extremely challenging, and it has been very difficult to secure viable cohorts. The University College offers its part-time courses at a very attractive rate and with the recent policy developments in terms of support funding for part time students and therefore it may be possible to extend the current portfolio of courses that we offer.

REPORT OF THE MEMBERS OF THE BOARD (CONTINUED)**Curriculum development and quality assurance (continued)**

Widening Participation is now a well-established feature of activity as the University College seeks to ensure that it meets its moral obligations to encourage aspiration, and subsequently application, from groups which have not traditionally participated in higher education. The University College has prepared a Widening Participation Strategic Assessment, as required by the Funding Council, which sets out its intentions and targets for widening participation activity; and this is underpinned through the Access Agreement, which explains the bursaries and other forms of support which are available to learners from under-represented groups. Activity includes successful engagement with schools and colleges with a high proportion of non-traditional learners, with the aim of encouraging additional applications from groups with little experience of entering further or higher education in art and design.

The nationally published Performance Indicators show that the University College continues to make progress in increasing applications and enrolments from non-traditional entrants, and has indeed exceeded its targets for the year.

Staff and Student Involvement

It is extremely important to the University College that staff and students are engaged in the development of the institution. Staff and students are members of committees, including the Board of the Corporation. All staff groups are represented on the Staff Information and Consultation Group, which provides a forum for the discussion of any proposed changes to employment policies or practices; and staff are updated through regular all-staff meetings led by the Principal. Communication with staff is enhanced by an in-house staff bulletin.

Students are also engaged throughout the academic committee structure. In 2008/09, the University College introduced the inclusion of student representation on the periodic review of courses, in line with the student engagement agenda, and this has proved successful. One student representative has since been selected by the national Quality Assurance Agency (QAA) as a student auditor, and will be a member of a team undertaking an institutional audit during 2009/10.

Equality and Inclusivity

All members of the University College's community including staff, students, visitors and contractors have a responsibility to treat others fairly and respectfully regardless of the characteristics which may define their identity, such as age, disability, gender, race, religion or belief or sexual orientation. The University College is responsible for providing a working and learning environment founded on dignity, respect and equity where unfair discrimination is treated with the utmost seriousness in accordance with this scheme.

The Single Equalities Scheme is now well established, and has guided activity over the last year, with the first annual report published in April 2010. Equalities activity is overseen by the Human Resources and Student Affairs Committee of the Board of Governors.

The Equalities Committee has noted the challenge of consulting on equalities issues - two new approaches have been piloted at the University College. Firstly the anonymous internal Student Perception Survey offers respondents the opportunity to indicate their religion or belief and sexual orientation, to provide some initial feedback about the experience of these groups, but also to raise awareness, and make the collection of such data the norm; this will be extended also to the Staff Survey. Secondly, the University College has agreed to the provision of equalities training for all staff during the autumn term 2010/11, which will raise the profile of this activity and, it is anticipated, will encourage greater engagement with future consultation activity

Disability statement

The University College has a Disability Statement, which sets out the following aims:

- to provide students with access to a wide range of high quality, flexible art, design, media and performance programmes;
- to remove obstacles which might impede students' progress; and
- to provide a high level of student support to aid learning and personal / professional development.

REPORT OF THE MEMBERS OF THE BOARD (CONTINUED)**Disability statement (continued)**

The statement sets out specific arrangements in place to cover:

- advice and guidance available before making an application;
- possibility of confidential disclosure;
- educational support and facilities;
- assessment arrangements;
- arrangements for handling complaints and appeals;
- other educational support;
- physical access to the University College;
- cost of the service.

GOVERNORS

The Higher Education Institution was formed by the passing of the Education Reform Act 1988 and has no shareholders. Governors, therefore, own no interest in the Institution and receive no remuneration from the University College in respect of their duties as Governors other than reimbursement of reasonable expenses for travelling and subsistence.

AUDITORS

In the course of the year the audit of the financial statements was tendered and KPMG LLP were appointed on 8 July 2010 for a term of up to five years commencing with the accounts for the year ended 31 July 2010. The incumbent auditors BDO LLP tendered their resignation.

By order of the Board of Governors

Nicholas Durbridge

Chairman of the Board of Governors

26th November 2010

CORPORATE GOVERNANCE

The Arts University College at Bournemouth was established in 1885 as a specialist art college and is now a higher education institution as defined by the Further and Higher Education Act of 1992 having been incorporated in 1993. The University College is an exempt charity for the purposes of the Charities Act 1993.

The Board consists of lay and academic Governors appointed under the Instrument and Articles of Governance of the University College. The Roles of Chairman and Vice Chairman of the Board and Principal, who is also the Chief Executive of the University College, are separated. The matters specifically reserved to the Board for decision are set out in the Instrument and Articles, by custom and in accordance with the provisions of the Financial Memorandum with the Higher Education Funding Council for England (HEFCE).

The Group is committed to following best practice in all aspects of corporate governance and follows the provisions of The Governance Code of Practice adopted by the Committee of University Chairmen's (CUC) which constitutes definitive guidance on governance within Higher Education. This statement describes the manner in which the University College has applied the principles set out in Section 1 of the Combined Code on Corporate Governance insofar as it is deemed appropriate for higher education. Its purpose is to help the reader of the accounts understand how the principles have been applied.

The University College's Board is responsible for the University College's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing the University College's significant risks, that it has been in place for the year ended 31 July 2010 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Board and that it accords with the internal control guidance on the Combined Code.

The Board meets four times in each academic year and details of the membership are given on page 1. It is responsible for the strategic direction of the University College, the approval of major developments and the consideration of regular reports from Executive Officers on the operation of the business of the University College and its subsidiary and related companies.

Seven committees have been established and report to the Board. All have been formally constituted with terms of reference. Membership is principally drawn from the Board. The Board receives a verbal report from the Chair of each Committee following its meetings and copies of the draft minutes for each Committee are also included within the written reports for each Board meeting. The Committees are:

- Audit;
- Estates;
- Finance & Resources;
- Human Resources & Student Affairs;
- Remuneration;
- Search; and
- Strategic Development.

The details of membership of the Board given on page 1 show the committees on which individual Governors sit. One former Governor sits on the Audit Committee and a further former Governor on the Strategic Development Committee.

The Committees meet three times in each academic year other than Remuneration and Search, which meet as and when required.

CORPORATE GOVERNANCE (CONTINUED)

Audit

The principal purpose of the Audit Committee is to provide assurance to the Board that the University College operates an effective system of internal control. The Committee meets with the University College's internal and external auditors in attendance as appropriate. It considers reports and recommendations for the improvement of the University College's system of internal control and management's responses and implementation plans. It also receives and considers reports from the Funding Councils as they affect the University College's business and monitors adherence to regulatory requirements. In addition the Annual Accounts, Risk Register and Value for Money reports are also considered at this Committee. The University College's Director of Finance & Planning and the Deputy Principal normally attend all meetings of the Committee and other staff attend as necessary.

Estates

The Estates Committee advises the Board on all strategic matters pertaining to the estate at Wallisdown including IT infrastructure and on other property related matters that arise from time to time. The Committee oversees the Estates Strategy and Masterplan and is mindful of planning approval requirements and restrictions. The University College's Director of Finance & Planning, the Deputy Principal and the Head of Facilities normally attend this Committee.

Finance & Resources

The Finance & Resources Committee advises the Board on strategic financial planning and monitors the University College's financial performance. The Committee receives detailed annual capital and revenue budgets, budget updates and longer term financial forecasts on behalf of the Board and makes recommendations to the Board about approval. The University College's Director of Finance & Planning and the Deputy Principal normally attend this Committee.

Human Resources & Student Affairs

The Human Resources & Student Affairs Committee advises the Board on strategic Human Resource planning and the University College's employment framework and monitors compliance with relevant legislation on its behalf. The Committee also ensures that the Student Union operates in a fair and democratic manner and is accountable for its finances. The University College's Director of Academic Services, the Deputy Principal and the Head of Human Resources normally attend this Committee.

Remuneration

The Remuneration Committee determines the remuneration of the Principal, the Deputy Principal and the University College Secretary, following appraisal and recommendation by the Chairman of the Board.

Search

The Search Committee is responsible for ensuring that open and appropriate procedures are in place to fill vacancies and to select appropriate candidates for membership of the Board. The Deputy Principal is the Academic Board representative on this committee.

Strategic Development

The Strategic Development Committee monitors and advises the Board on the University College's planning, academic quality and development. The remit of the Committee also covers the University College's Mission Statement, the marketing strategy and the development of research and scholarly activity. The University College's Deputy Principal normally attends this Committee.

Risk Management

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms which are embedded within the faculties and directorates. A risk register is maintained and is subject to continuous review. It assists management in identifying and controlling areas of greatest risk. The senior management team, the Audit Committee and the Human Resources & Student Affairs Committee receive regular reports from Internal Audit and from the University College's Health & Safety Committee, which include recommendations for improvement where appropriate.

The Audit Committee oversees the risk register and reports to the Board on the extent of the assurance it has received on the arrangements for internal control. The Human Resources & Student Affairs Committee also undertakes a high level review of the arrangements for Health & Safety.

CORPORATE GOVERNANCE (CONTINUED)**Internal Control**

The Board is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the members of the Board in the instrument and articles and the Financial Memorandum with HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The key elements of the University College's system of internal control are as follows:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- regular reviews of key performance indicators and financial results involving variance analysis reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to levels set by the Board as contained within the Financial Regulations;
- the development of a risk register which highlights the key risks facing the University College in achieving its objectives;
- the Audit Committee provides an oversight of risk management and receives a report at its meetings on any movement in the major risks for the Institution identified for that year;
- the Audit Committee receives regular reports from the internal auditors expressing an opinion on the adequacy and effectiveness of the University College's system of internal control together with recommendations for improvement; and
- The Board receives regular reports from the Audit Committee concerning internal control.

The University College has appointed Mazars LLP to provide internal audit services. The firm operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in May 2006. The internal auditors submit regular reports which comment on the adequacy and effectiveness of the institution's system of internal control together with recommendations for improvement.

In April 2009 the data management systems that produce student numbers in support of HE funding were audited by the HEFCE Assurance service. The audit concluded that the systems were robust and ensured the production of reliable and accurate data.

The Board's view of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the institution who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

Nicholas Durbridge
Chairman of the Board of Governors
26th November 2010

Professor Stuart Bartholomew
Principal

RESPONSIBILITIES OF THE MEMBERS OF THE BOARD

In accordance with the Education Reform Act 1988 and the Instrument and Articles of Government, the Board is responsible for the administration and management of the affairs of the University College, including ensuring an effective system of internal control, and is required to present audited Financial Statements for each financial year.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University College and to enable it to ensure that the Financial Statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice: Accounting for Further and Higher Education, and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between HEFCE and the University College, the Board, through its Principal, is required to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the University College and of the surplus or deficit and cash flows for that year.

Financial Statements

In causing the Financial Statements to be prepared, the Board has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the University College will continue in operation. The Board is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the Financial Statements.

The Board has taken reasonable steps to:

- ensure that funds from HEFCE and LSC are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Councils and any other conditions which the Funding Councils may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University College and prevent and detect fraud; and
- secure the economical, efficient and effective management of the University College's resources and expenditure.

Nicholas Durbridge

Chairman of the Board of Governors

26th November 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BOARD OF THE ARTS UNIVERSITY COLLEGE AT BOURNEMOUTH

We have audited the Group and University College financial statements (the "financial statements") of the Arts University College at Bournemouth for the year ended 31 July 2010 which comprise the Group Income and Expenditure Account, the Group and University College Balance Sheet, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out therein.

This report is made solely to the Board of Governors, as a body, in accordance with paragraph 13(2) of the University College's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board of Governors and Auditors

The responsibilities of the Board of Governors for preparing the Report of the Members of the Board and the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 13.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University College have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England dated June 2008, and the funding agreement with the Learning and Skills Council and its successor bodies. We also report to you whether in our opinion the Report of the Members of the Board is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the University College has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Report of the Members of the Board and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Board of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BOARD OF THE ARTS UNIVERSITY COLLEGE AT BOURNEMOUTH (CONTINUED)**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the University College's affairs as at 31 July 2010 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the 'Statement of Recommended Practice: Accounting for Further and Higher Education';
- in all material respects, income from the Higher Education Funding Council for England and the Learning and Skills Council and its successor bodies, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University College's statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England dated June 2008 and the funding agreement with the Learning and Skills Council and its successor bodies.

Chris Wilson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Dukes Keep,
Marsh Lane,
Southampton,
SO14 3EX,
United Kingdom

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2010

	Notes	2010 £'000	2009 £'000
INCOME			
Funding council grants	1	13,555	13,213
Tuition fees and education contracts	2	8,432	7,652
Other Income	3	2,283	1,878
Endowment and investment income	4	<u>9</u>	<u>24</u>
Total Income		24,279	22,767
EXPENDITURE			
Staff costs	5	12,077	11,439
Other operating expenses	6	8,751	7,801
Depreciation	10	1,583	1,522
Interest payable	7	<u>381</u>	<u>389</u>
Total Expenditure		22,792	21,151
Surplus on continuing activities after depreciation of assets at valuation and before tax		1,487	1,616
Taxation	8	<u>21</u>	<u>(6)</u>
Surplus on continuing activities after depreciation of assets at valuation and tax	9	1,466	1,622
Transfer from accumulated income within endowments	18	<u>9</u>	<u>3</u>
Surplus on continuing activities for the year retained within income and expenditure account		1,475	1,625
All activities are continuing		<u><u> </u></u>	<u><u> </u></u>

**CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £'000	2009 £'000
Surplus after depreciation of assets and tax		1,466	1,622
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the relevant amount.	19	93	94
Historical cost surplus after tax		<u>1,559</u>	<u>1,716</u>

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £'000	2009 £'000
Surplus after depreciation of assets and tax		1,466	1,622
Appreciation/(loss) of endowment asset investments	18	43	(27)
New endowments	18	5	3
Actuarial gain/(loss) on pension scheme	26	659	(1,453)
Total recognised gains and losses relating to the year		<u>2,173</u>	<u>145</u>
Reconciliation			
Opening reserves and endowments		8,846	8,701
Total recognised gains and losses for the year		2,173	145
Closing reserves and endowments		<u>11,019</u>	<u>8,846</u>

BALANCE SHEETS AS AT 31 JULY 2010

	Notes	Consolidated		University College	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
Fixed Assets					
Tangible Assets	10	25,955	23,847	23,406	21,540
Investments	11	-	-	792	792
		<u>25,955</u>	<u>23,847</u>	<u>24,198</u>	<u>22,332</u>
Endowment Asset	18	344	305	-	-
Current Assets					
Debtors	12	354	403	497	350
Cash at bank and in hand		<u>2,336</u>	<u>2,948</u>	<u>2,257</u>	<u>2,850</u>
		<u>2,690</u>	<u>3,351</u>	<u>2,754</u>	<u>3,200</u>
Creditors: amounts falling due within one year	13	<u>(5,300)</u>	<u>(4,883)</u>	<u>(5,139)</u>	<u>(4,984)</u>
Net Current Liabilities		<u>(2,610)</u>	<u>(1,532)</u>	<u>(2,385)</u>	<u>(1,784)</u>
Total assets less current liabilities		23,689	22,620	21,813	20,548
Creditors: amounts falling due after more than one year	14	(5,585)	(6,026)	(5,585)	(6,026)
Provisions for liabilities and charges	16	-	-	-	-
Net assets excluding pensions liability		18,104	16,594	16,228	14,522
Net pensions liability	26	(4,441)	(4,719)	(4,441)	(4,719)
TOTAL ASSETS LESS LIABILITIES		<u><u>13,663</u></u>	<u><u>11,875</u></u>	<u><u>11,787</u></u>	<u><u>9,803</u></u>
Deferred capital grants	17	2,644	3,029	664	993
Endowments	18	344	305	-	-
Reserves					
Income and expenditure account excluding pension reserve		10,150	8,201	10,598	8,470
Pension reserve	26	<u>(4,441)</u>	<u>(4,719)</u>	<u>(4,441)</u>	<u>(4,719)</u>
Income and expenditure account including pension reserve	20	5,709	3,482	6,157	3,751
Revaluation reserve	19	<u>4,966</u>	<u>5,059</u>	<u>4,966</u>	<u>5,059</u>
Total Reserves		<u>10,675</u>	<u>8,541</u>	<u>11,123</u>	<u>8,810</u>
TOTAL FUNDS		<u><u>13,663</u></u>	<u><u>11,875</u></u>	<u><u>11,787</u></u>	<u><u>9,803</u></u>

The financial statements on pages 16 to 37 were approved and authorised for issue by the governing body on 26th November 2010.

Signed on its behalf by:

Nicholas Durbridge

Chairman of the Board of Governors

Professor Stuart Bartholomew

Principal

Mary O'Sullivan

Director of Finance

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2010

	Notes	2010 £'000	2009 £'000
Net Cash Inflow From Operating Activities	21	3,843	4,236
Returns on investments and servicing of finance	22	(163)	(233)
Taxation		-	(14)
Capital expenditure and financial investment	23	<u>(3,866)</u>	<u>(1,470)</u>
Net Cash Inflow/(Outflow) Before Financing		(186)	2,519
Financing	24	(430)	(350)
(Decrease)/Increase in cash	25	<u><u>(616)</u></u>	<u><u>2,169</u></u>

RECONCILIATION OF NEW CASHFLOW TO MOVEMENT IN NET DEBT

Increase in Cash	(616)	2,169
Repayment of Long Term Loan	430	350
New Loan	-	-
Movement in Net Debt	<u>(186)</u>	<u>2,519</u>
Net Debt at 1 August 2009	<u><u>(3,466)</u></u>	<u><u>(5,985)</u></u>
Net Debt at 31 July 2010	<u><u>(3,652)</u></u>	<u><u>(3,466)</u></u>

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Application

These accounting policies are applied to both the University College and its subsidiaries without exception.

Basis of preparation

These financial statements have been prepared in accordance with the statement of recommended practice (SORP): Accounting in Further and Higher Education Institutions and in accordance with applicable United Kingdom accounting standards. They conform to guidance published by the Funding Council.

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain tangible fixed assets.

Basis of Consolidation

The consolidated financial statements comprise the University College, its wholly owned subsidiaries, AUCB Services Ltd and AUCB Enterprises Ltd, and The Arts University College at Bournemouth Charitable Foundation. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation.

The University College has control of 100% of the Arts University College at Bournemouth Charitable Foundation, a charitable company limited by guarantee. The Foundation is consolidated by virtue of dominant influence over the operating and financial policies of that company by the University College.

The consolidated Financial Statements do not include those of The Arts University College at Bournemouth Students' Union which is a separate unincorporated association. The University College has no financial interest in the Students' Union and has no control or significant influence over its policy decisions.

Recognition of income

The annual recurrent grants from HEFCE & LSC, which are intended to meet recurrent costs, are recognised in line with the latest estimates of grant receivable for an academic year.

Non recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from grants, contract and other services rendered is included to the extent of the completion of the contract or service concerned. All other income, including income from HEFCE, tuition fees and short term deposits, is credited to the income and expenditure account in the period in which it is earned.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

Taxation

The University College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

All subsidiary companies (with the exception of The Arts University College at Bournemouth Charitable Foundation, which is a registered charity) are liable to Corporation tax and Value Added Tax in the same way as any other commercial organisation.

The University College's principal activities are exempt from Value Added Tax, but certain ancillary supplies and services are liable to Value Added Tax at various rates. Expenditure includes irrecoverable Value Added Tax charged by suppliers to the University College.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

Assets acquired with the aid of specific grants are capitalised and depreciated in accordance with the policies set out below, with the related grant being credited to a deferred grant account and released to the income and expenditure account over the expected useful economic life of the related asset.

a. Freehold land and buildings

The University College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value for commercial use. As a consequence of the Further and Higher Education Act of 1992, the freehold interest in the land and buildings occupied by the University College was transferred from Dorset County Council with effect from 1 April 1993. As at 1 February 1993 the land and buildings were valued by Connell Wilson, a firm of independent property surveyors, using the depreciated replacement cost basis. The property is recorded in the financial statements at this value, as adjusted for subsequent disposals. It is the university's policy to recognise a related revaluation reserve in respect of this property. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated.

Buildings are depreciated on a straight line basis as follows:

Freehold buildings	-	50 years
Mobile classroom accommodation	-	4 years
Refurbishments	-	10 years

Buildings under construction are accounted for at cost, based on the value of architect's certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

b. Computers, software and other equipment

Computer and other equipment costing less than £1,000 per individual item and software with a useful life of less than 18 months are written off to the income and expenditure account in the year of acquisition. All other purchases are capitalised at cost.

All equipment is depreciated on a straight line basis over its remaining useful life to the group, as follows:

Vehicles	-	5 years
Computer equipment & software	-	3 years
Other equipment	-	5 to 10 years
Furniture	-	10 years

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing arrangements which transfer to the University College substantially all the benefits and risks of ownership of an asset are treated as if the assets had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**Pension schemes**

Approximately half of the University College's employees participate in the Local Government Pension Scheme which is a defined benefit scheme and can be attributed to individual employees. The difference between the fair value of the assets held in this pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University College's balance sheet as a pension scheme asset or liability as appropriate.

The carrying value of any resulting pension scheme asset is restricted to the extent that the University College is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Changes to the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the University College are charged to the income and expenditure account or the statement of total recognised surpluses and deficits.

A significant number of University College employees are members of the Teachers' Pension Scheme, which is a multi-employer scheme and as the underlying share of assets and liabilities cannot be separately identified, it is treated as a defined contribution scheme. Contributions are charged to the income and expenditure account as incurred.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income & expenditure account in the period in which it is incurred.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies.

NOTES TO THE ACCOUNTS

At 31 July 2010

1. FUNDING COUNCIL GRANTS	2010	2009
	£'000	£'000
Recurrent grant		
HEFCE	9,911	9,712
LSC	2,619	2,449
Specific grants		
HEFCE	870	906
LSC	-	5
Deferred Capital Grant released in Year		
HEFCE	105	99
LSC	36	29
Access Fund Administration		
HEFCE	2	2
LSC	12	11
	<u>13,555</u>	<u>13,213</u>
2. TUITION FEES AND EDUCATION CONTRACTS	2010	2009
	£'000	£'000
Higher Education UK and EU	6,677	6,128
Higher Education Non EU	1,316	1,126
Further Education UK and EU	345	300
Further Education non EU	94	98
	<u>8,432</u>	<u>7,652</u>
3. OTHER INCOME	2010	2009
	£'000	£'000
Residences, catering and conferences	865	693
Other Services Rendered	306	304
Other Income	1,049	814
Release of deferred capital grants (non funding council)	63	67
	<u>2,283</u>	<u>1,878</u>

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

4. ENDOWMENT AND INVESTMENT INCOME

	2010	2009
	£'000	£'000
Income from Endowments (Note 18)	3	6
Interest Receivable	6	18
	<u>9</u>	<u>24</u>

5. STAFF COSTS

	2010	2009
	£'000	£'000
Wages and salaries	9,928	9,394
Social Security costs	749	729
Other Pension costs: Teachers' Pension Scheme	638	602
Local Government Pension Scheme	693	612
Restructuring costs	69	102
	<u>12,077</u>	<u>11,439</u>

Average staff numbers by major category:

	Number	Number
Teaching Departments	183	174
Teaching Support Services	6	8
Library	12	11
Other Support Services	16	9
Administration and Central Services	74	75
General Education	4	4
Income Generating Activities	8	10
	<u>303</u>	<u>291</u>

Emoluments of Principal and remuneration of senior staff:

	2010	2009
	£	£
Emoluments of Principal	155,000	142,000
Employers' pension contributions (Teachers Pension Scheme)	21,855	20,022
Other benefits	4,056	6,896
	<u>180,911</u>	<u>168,918</u>

Other than the Principal there were no staff earning over £100,000 excluding employers' pension contributions, but including payments for compensation for loss of office and actuarial payments to pension schemes for early retirement.

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

6. OTHER OPERATING EXPENSES	2010	2009
	£'000	£'000
Teaching Departments	2,103	1,847
Teaching Support Services	718	588
Other Support Services	153	119
Administration and Central Services	1,534	1,695
General Education Expenditure	893	554
Premises Costs	1,366	1,218
Planned Maintenance	969	864
Grants to Students Union	70	60
Other Income Generating Activities	144	187
External Auditors' Remuneration - Audit Fees	15	17
External Auditors' Remuneration - Other Fees	2	2
Internal Auditors' Remuneration - Audit Fees	26	16
Operating Lease Rentals Plant/Machinery	108	60
Operating Lease Rentals Land & Buildings	94	86
Catering and Residencies	556	488
	<u>8,751</u>	<u>7,801</u>

Reimbursements to governors/trustees for expenditure incurred in attending Board meetings amounted to £4,535.

The governors did not receive any remuneration from the University College and its subsidiaries other than the Principal's remuneration detailed in Note 5.

7. INTEREST PAYABLE	2010	2009
	£'000	£'000
Loans repayable within five years	75	79
Loans not wholly repayable within five years	100	178
Pension finance costs	206	132
	<u>381</u>	<u>389</u>

8. TAXATION	2010	2009
	£'000	£'000
United Kingdom corporation tax		
Corporation tax charge for the year at 28.0% (2009: 28.0%)	0	3
Provision of deferred taxation	21	(9)
	<u>21</u>	<u>(6)</u>

The University College and Charitable Foundation are exempt charities and therefore no tax has been charged on their income. The disclosure above relates solely to the subsidiary companies, AUCB Services Limited and AUCB Enterprises Limited.

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

9. SURPLUS ON CONTINUING OPERATIONS FOR THE PERIOD	2010	2009
	£'000	£'000
The surplus on continuing operations for the period is made up as follows:		
University College's surplus for the period	1,663	1,424
Surplus generated by AUCB Services Limited and transferred to the University College under gift aid	-	235
Retained by AUCB Services Limited	(180)	(1)
Retained by AUCB Enterprises Limited	(8)	(9)
Retained by AUCB Charitable Foundation Limited	(9)	(27)
	<u>1,466</u>	<u>1,622</u>

10. TANGIBLE ASSETS**Consolidated**

	Freehold Land and Buildings £'000	Assets under Construction £'000	Computer Equipment £'000	Other Equipment £'000	Total £'000
At 1 August 2009					
At valuation	6,015	-	-	-	6,015
At cost	19,331	537	2,758	3,844	26,470
Additions	352	2,803	235	301	3,691
Disposals	-	-	-	-	-
Transfer	6	(6)	-	-	-
At 31 July 2010	<u>25,704</u>	<u>3,334</u>	<u>2,993</u>	<u>4,145</u>	<u>36,176</u>
Depreciation					
At 1 August 2009	4,130	-	2,071	2,437	8,638
Provided during period	736	-	352	495	1,583
Disposals	-	-	-	-	-
At 31 July 2010	<u>4,866</u>	<u>-</u>	<u>2,423</u>	<u>2,932</u>	<u>10,221</u>
Net book value at 31 July 2010	<u>20,838</u>	<u>3,334</u>	<u>570</u>	<u>1,213</u>	<u>25,955</u>
Net book value at 31 July 2009	<u>21,216</u>	<u>537</u>	<u>687</u>	<u>1,407</u>	<u>23,847</u>
Inherited	4,966	-	-	-	4,966
Financed by Capital Grant	2,590	-	25	59	2,674
Other	13,282	3,334	545	1,154	18,315
At 31 July 2010	<u>20,838</u>	<u>3,334</u>	<u>570</u>	<u>1,213</u>	<u>25,955</u>
Inherited	5,059	-	-	-	5,059
Financed by Capital Grant	2,495	-	67	111	2,673
Other	13,662	537	620	1,296	16,115
At 31 July 2009	<u>21,216</u>	<u>537</u>	<u>687</u>	<u>1,407</u>	<u>23,847</u>

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

10. TANGIBLE ASSETS (CONTINUED)**University College**

	Freehold Land and Buildings £'000	Assets under Construction £'000	Computer Equipment £'000	Other Equipment £'000	Total £'000
At 1 August 2009					
At valuation	6,015	-	-	-	6,015
At cost	16,141	537	2,073	3,552	22,303
Additions	352	2,460	235	301	3,348
Transfer	6	(6)	-	-	-
At 31 July 2010	<u>22,514</u>	<u>2,991</u>	<u>2,308</u>	<u>3,853</u>	<u>31,666</u>
Depreciation					
At 1 August 2009	3,266	-	1,409	2,103	6,778
Provided during period	647	-	346	489	1,482
At 31 July 2010	<u>3,913</u>	<u>-</u>	<u>1,755</u>	<u>2,592</u>	<u>8,260</u>
Net book value at 31 July 2010	<u>18,601</u>	<u>2,991</u>	<u>553</u>	<u>1,261</u>	<u>23,406</u>
Net book value at 31 July 2009	<u>18,890</u>	<u>537</u>	<u>664</u>	<u>1,449</u>	<u>21,540</u>

Buildings have been acquired with the assistance of capital grants from HEFCE which are deemed to be financed from Exchequer funds. Were these assets to be sold, the University College, under the terms of the financial memorandum with HEFCE, may have to surrender the written down value of the capital grants being £1,897,726, from the sale proceeds.

11. INVESTMENTS

University College	
2010	2009
£'000	£'000

Investments in Subsidiaries at Cost

<u>792</u>	<u>792</u>
------------	------------

Subsidiary Undertakings

The University College owns 100% of the issued ordinary £1 shares of AUCB Services Ltd and AUCB Enterprises Ltd, both companies incorporated in England and Wales.

The principal activity of AUCB Services Ltd is the leasing of the refectory and the provision of other services as required. AUCB Enterprises Ltd provides business incubation units for new graduates in the region.

The University College has incorporated The Arts University College at Bournemouth Charitable Foundation, a company limited by guarantee. The trustees of the company are also members or associates of the Board and they have agreed to pay up to £10 towards costs and liabilities should the company be dissolved. The object of the company is the advancement of education principally within the subject areas of art, design, media and the performing arts. The University College endowments have been transferred to this company.

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

12. DEBTORS

	Consolidated		University College	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade debtors	43	180	28	163
Other debtors	47	50	30	41
Prepayments and accrued income	264	152	184	146
Amounts due from subsidiary companies	-	-	255	-
Deferred taxation	-	21	-	-
	<u>354</u>	<u>403</u>	<u>497</u>	<u>350</u>

13. CREDITORS: amounts falling due within one year

	Consolidated		University College	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Trade creditors	383	1,174	376	1,169
Other taxation and social security	373	378	371	375
Other creditors	295	375	324	396
Accruals and deferred income	3,508	2,401	3,327	2,316
Corporation tax	-	-	-	-
Amounts due to subsidiary companies	-	-	-	173
Amounts owed to Funding Councils	300	125	300	125
Bank loan (Note 15)	441	430	441	430
	<u>5,300</u>	<u>4,883</u>	<u>5,139</u>	<u>4,984</u>

14. CREDITORS: amounts falling due after more than one year

	Consolidated		University College	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Long term bank loan (Note 15)	<u>5,585</u>	<u>6,026</u>	<u>5,585</u>	<u>6,026</u>

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

15. ANALYSIS OF BORROWINGS

	Consolidated and University College	
	2010	2009
	£'000	£'000
In one year or less	441	430
Between one and two years	453	441
Between two and five years	2,307	2,366
In more than five years	2,825	3,219
	<u>6,026</u>	<u>6,456</u>

The group has three principal loans to fund the development of its estate.

In 2007 the group arranged a £1,500,000 loan with a fixed interest rate of 5.515% for a period of five years and is repayable at 31 July 2012. The year end balance was £1,309,193. It is secured by means of a negative pledge.

In October 2006, the group rolled over an existing fixed interest rate loan that was originally acquired against the University College's student residences. The interest rate and the repayment term were fixed at 5.365% 15 years respectively. The year end balance was £1,272,889.

The remaining loan is charged at a variable rate of central bank base rate plus a margin of 0.28%. The loan is repayable over a 25 year term. The group has given a negative pledge to the bank in respect of this loan. The year end balance was £3,443,587.

16. PROVISION FOR LIABILITIES AND CHARGES

	Consolidated	
	2010	2009
	£'000	£'000
Deferred Taxation		
At 1 August	(21)	(12)
Credit to the income and expenditure account (Note 8)	21	(9)
Transferred to debtors (Note 12)	-	21
At 31 July	<u>-</u>	<u>-</u>
Deferred Taxation provided in the financial statements is as follows:		
Tax effect off timing differences because of:		
Capital allowances in excess of depreciation	-	(21)
Short term timing differences	-	-
	<u>-</u>	<u>(21)</u>

17. DEFERRED CAPITAL GRANTS

	Buildings	Equipment	Total
	£'000	£'000	£'000
Consolidated			
At 1 August 2009	2,794	235	3,029
Adjustment	(180)	-	(180)
Released to Income and Expenditure	(102)	(103)	(205)
At 31 July 2010	<u>2,512</u>	<u>132</u>	<u>2,644</u>
University College			
At 1 August 2009	817	176	993
Adjustment	(180)	-	(180)
Released to Income and Expenditure	(46)	(103)	(149)
At 31 July 2010	<u>591</u>	<u>73</u>	<u>664</u>

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

18. ENDOWMENTS

	Restricted Permanent	Unrestricted Permanent	Consolidated	
			2010 £'000	2009 £'000
At 1 August	288	17	305	332
Additions	5	-	5	3
Income for year	2	1	3	6
Expenditure for year	(11)	(1)	(12)	(9)
Gain/(loss) on investments	43	-	43	(27)
At 31 July	<u>327</u>	<u>17</u>	<u>344</u>	<u>305</u>
Attributed as follows:				
Investments at Market Value			309	263
Cash			35	42
			<u>344</u>	<u>305</u>
			2010	2009
			£'000	£'000
Representing:				
Prize Funds			29	30
Course Funds			315	275
			<u>344</u>	<u>305</u>

19. REVALUATION RESERVE

	Consolidated and University College	
	2010 £'000	2009 £'000
At 1 August	5,059	5,153
Transfer to the Income and Expenditure Account (Note 20)		
Depreciation for period on revalued inherited assets	(93)	(94)
At 31 July	<u>4,966</u>	<u>5,059</u>

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

20. INCOME AND EXPENDITURE ACCOUNT	Consolidated	
	2010 £'000	2009 £'000
At 1 August	3,482	3,219
Transfers from revaluation reserve (Note 19)	93	94
Retained surplus for the period	1,475	1,622
Actuarial gain/(loss) on pension scheme liability	659	(1,453)
At 31 July	<u>5,709</u>	<u>3,482</u>
	University College	
	2010	2009
	£'000	£'000
At 1 August	3,751	3,401
Transfers from revaluation reserve (Note 19)	93	94
Retained surplus for the period	1,654	1,709
Actuarial gain/(loss) on pension scheme liability	659	(1,453)
At 31 July	<u>6,157</u>	<u>3,751</u>
21. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASHFLOW FROM OPERATING ACTIVITIES		
	2010	2009
	£'000	£'000
Surplus on continuing operations after depreciation of assets	1,466	1,622
Difference between pension charge and cash contribution	175	123
Deferred grants released to income	(205)	(196)
Depreciation	1,583	1,522
Decrease/(increase) in debtors	28	(58)
Increase in creditors	406	867
Movement in deferred taxation	21	(9)
Interest receivable	(12)	(24)
Interest payable including pension finance costs	381	389
Net Cash Inflow from Operating Activities	<u>3,843</u>	<u>4,236</u>

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

22. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2010 £'000	2009 £'000
Interest Received	12	24
Interest Paid	(175)	(257)
	<u>(163)</u>	<u>(233)</u>

23. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2010 £'000	2009 £'000
Purchase of Fixed Assets	(3,691)	(1,748)
Proceeds on disposal of fixed assets	-	2
Deferred Capital Grants (repayable)/received	(180)	273
Endowment Funds received	5	3
	<u>(3,866)</u>	<u>(1,470)</u>

24. FINANCING

	2010 £'000	2009 £'000
New loan	-	-
Capital repayments	(430)	(350)
	<u>(430)</u>	<u>(350)</u>

25. ANALYSIS OF CHANGES IN NET DEBT

	At 1 August 2009 £'000	Non-Cash Movements £'000	Cash Flow £'000	At 31 July 2010 £'000
Cash	2,948	-	(612)	2,336
Endowment Cash	42	-	(4)	38
	<u>2,990</u>	<u>-</u>	<u>(616)</u>	<u>2,374</u>
Debt due within one year	(430)	(441)	430	(441)
Debt due after one year	(6,026)	441	-	(5,585)
	<u>(3,466)</u>	<u>-</u>	<u>(186)</u>	<u>(3,652)</u>

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

26. PENSIONS AND SIMILAR OBLIGATIONS**Consolidated and University College**

The group's employees belong to two principal pension schemes, the Local Government Pension Scheme (LGPS) and the Teachers' Pension Scheme (TPS). Both schemes are defined benefit schemes.

The total pension cost for the group was:

	2010	2009
	£'000	£'000
Teachers Pension Scheme	638	602
Local Government Pension Scheme	693	612
	<u>1,331</u>	<u>1214</u>

Local Government Pension Scheme

LGPS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the LGPS actuary reviews the progress of the LGSS scheme.

For LGPS, the actuary has indicated that the resources of the scheme are likely, in the normal courses of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations. The contribution payable by the employer was increased to 14.1% of pensionable salaries from August 2007. The employees contribute 6%.

Under the definitions set out in FRS 17, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2010.

The government has announced an intention that future increases in public sector pension schemes be linked to changes in the Consumer Prices Index (CPI). Previously the actuary for the Local Government Pension Scheme to which many University College staff belong has applied the Retail Prices Index (RPI) when computing the impact of future increases. Under the relevant Financial Reporting Standard the immediate impact of this change may be regarded as either being recognisable in the income and expenditure account or in the statement of recognised gains and losses. At the date these financial statements were approved the Urgent Issues Task Force (UITF) was consulting on a draft document which once finalised as an Abstract towards the end of 2010 will provide definitive guidance.

On the basis that the change does not relate to a decision taken by the Board of the University College and arises from a change in assumptions these financial statements recognise the resulting gain of £533k through the statement of recognised gains and losses.

Should the UITF Abstract require a different treatment this will be addressed in the 2010-2011 financial statements.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisers.

The material assumptions used by the actuary at 31 July 2010 were:

	2010	2009
	%	%
Price increases	3.2	3.6
Salary increases	4.7	5.1
Pension increases	2.7	3.6
Discount rate	5.4	6.0

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2010	2009
	years	years
<i>Pensioners</i>		
Males	20.84	20.84
Females	23.86	23.86
<i>Non-pensioners</i>		
Males	21.79	21.79
Females	24.80	24.80

The assumed commutation rate is 50%.

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 July 2010

26. PENSIONS AND SIMILAR OBLIGATIONS - continued

The assets in the LGPS scheme and the expected rate of return were:

	Long term rate of return expected at 31-Jul-10 %	Value at 31-Jul-10 £'000	Long term rate of return expected at 31-Jul-09 %	Value at 31-Jul-09 £'000	Long term rate of return expected at 31-Jul-08 %	Value at 31-Jul-08 £'000
Equities	7.9	4,197	8.3	3,551	8.6	2,825
Gilts & Other Bonds	4.3	1,421	5.3	620	5.6	1,089
Property	7.4	542	7.8	351	8.1	497
Absolute Return Funds	7.9	338	8.3	258	8.6	352
Cash	3.0	271	3.0	388	5.0	577
Total market value of assets		6,769		5,168		5,340

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The return on gilts and other bonds is assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The return on equities, absolute return funds and property is then assumed to be a margin above gilt yields.

	2010 £'000	2009 £'000
Actual return on Scheme assets	1,025	(816)

The following amounts at 31 July 2010 were measured in accordance with the requirements of FRS17.

Analysis of the amount shown in the balance sheet

	2010 £'000	2009 £'000
The University College's estimated asset share	6,769	5,168
Present value of the institution's scheme liabilities	(11,210)	(9,887)
Deficit in the Scheme - Net pension liability	<u>(4,441)</u>	<u>(4,719)</u>

Analysis of the amount charged to operating surplus

	2010 £'000	2009 £'000
Current service cost	693	612
Total operating charge	<u>693</u>	<u>612</u>

Analysis of the amount that is credited to other finance income/charged to interest payable

	2010 £'000	2009 £'000
Expected return on pension scheme assets	(409)	(427)
Interest on pension scheme liabilities	615	559
Net return	<u>206</u>	<u>132</u>

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

26. PENSIONS AND SIMILAR OBLIGATIONS - continued

Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)	2010 £'000	2009 £'000			
Actual return less expected return on pension scheme assets	616	(1,243)			
Experience gains and losses	-	-			
Changes in assumptions underlying the present value of the scheme liabilities	43	(210)			
Change in asset valuation	-	-			
Actuarial gain/(loss) recognised in STRGL	<u>659</u>	<u>(1,453)</u>			
Cumulative amount of losses recognised in the STRGL	<u>(2,301)</u>	<u>(848)</u>			
Analysis of the movements in the present value of the scheme liabilities	2010 £'000	2009 £'000			
At beginning of the year	9,887	8,351			
Current service cost	693	612			
Employee Contributions	254	239			
Benefits paid	(196)	(84)			
Interest costs	615	559			
Actuarial (gain)/loss	(43)	210			
At end of the year	<u>11,210</u>	<u>9,887</u>			
Analysis of movement in the market value of the scheme assets	2010 £'000	2009 £'000			
At beginning of the year	5,168	5,340			
Total Contributions	772	728			
Benefits paid	(196)	(84)			
Expected return on assets	409	427			
Actuarial gain/(loss)	616	(1,243)			
At end of the year	<u>6,769</u>	<u>5,168</u>			
<i>Five year history</i>	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Present value of the plan liabilities	(11,210)	(9,887)	(8,351)	(7,006)	(7,053)
Fair value of the plan assets	<u>6,769</u>	<u>5,168</u>	<u>5,340</u>	<u>5,174</u>	<u>4,310</u>
(Deficit) on the pension plans	<u>(4,441)</u>	<u>(4,719)</u>	<u>(3,011)</u>	<u>(1,832)</u>	<u>(2,743)</u>
<i>Experience adjustments arising on:</i>					
Plan liabilities	-	-	103	-	-
Plan assets	<u>616</u>	<u>(1,243)</u>	<u>(683)</u>	<u>116</u>	<u>159</u>

The University College's best estimate of the contributions expected to be paid in the year beginning on the 1 August 2010 is £552,000.

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

26. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)**Teachers' Pension Scheme**

Under the definitions set out in Financial Reporting Standard 17 - Retirement Benefits, the Teachers' Pension Scheme (TPS) is a multi-employer pension scheme. As the TPS is underwritten by central government and the University College has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University College. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

The University College has set out below the information available on the Scheme and the implications for the University College in terms of the anticipated contribution rates.

The employers' contribution rates for the University College's academic staff were 14.1% of pensionable salaries from 1 August 2009 to 31 July 2010.

The TPS is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2008, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a Standard Contribution Rate (SCR) of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced, effective for the first time from the 2008 valuation, a 14% cap on employer contributions payable. However the results of the 2008 actuarial valuation are not yet available and the cap of 14% has not yet come into effect.

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 million.

A copy of the Government Actuary's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at www.teachernet.gov.uk/pensions.

27. CAPITAL COMMITMENTS

The group had joint outstanding capital commitments of £1,513,118 as at 31 July 2010 (2009: £2,031,985).

The balance is for work to be completed on the North Building Extension and its related landscaping, the extension of the Refectory and the undertaking of minor works during the summer recess.

NOTES TO THE ACCOUNTS (CONTINUED)

At 31 July 2010

28. FINANCIAL COMMITMENTS**Consolidated and University College**

	2010	2009
	£'000	£'000
Annual commitments under non-cancellable operating leases		
Plant/Machinery		
In one year or less	64	63
Between one and two years	<u>11</u>	<u>36</u>
Land & Buildings		
In one year or less	93	9
Between two and five years	<u>25</u>	<u>69</u>

29. POST BALANCE SHEET EVENTS

There are no material post balance sheet events.

30. RELATED PARTY TRANSACTIONS

Due to the nature of the University College's operations and the composition of the Governing Board, some of whom are drawn from local public and private sector organisations; it is inevitable that there will be organisations in which a member of the Governing Board may have an interest. All transactions involving organisations in which a member of the Governing Board may have an interest are conducted at arm's length in accordance with the University College's financial regulations and normal procurement procedures. No transactions were identified which should be reported under Financial Reporting Standard 8 - Related Party Disclosures.

31. ACCESS FUNDS

	2010	2009
	£'000	£'000
At 1 August	32	9
Funding council grants	305	298
Repaid to funding councils	(24)	(9)
Interest	0	1
Total income	<u>313</u>	<u>299</u>
Disbursed to students	(282)	(255)
Administration	(14)	(12)
At 31 July	<u>17</u>	<u>32</u>